

WEM TOWN COUNCIL

STATEMENT ON INTERNAL CONTROLS 2023/24

SCOPE OF RESPONSIBILITY

Wem Town Council is a local authority funded largely by the taxpayers of Wem Urban which is responsible for ensuring:

- That its business is conducted in accordance with the law and proper standards.
- That public money is safeguarded and properly accounted for and is used economically, efficiently and effectively.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed:

- To identify and prioritise the risks to the achievement of the Council's policies, aims and objectives.
- To evaluate the likelihood of those risks being realised and the impact should they be realised.
- To manage them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the annual accounts and accords with proper practice as set out in the Practitioners' Guide - *Governance and Accountability in Local Councils* (2023 Edition).

THE INTERNAL CONTROL ENVIRONMENT

The Council

The Council reviews its obligations and objectives and approves a budget for the following year at the budget meeting held in January. The meeting of the Council on 20.1.23 approved the level of precept for the 2023/24 financial year.

The Council has appointed a Finance & Corporate Governance Committee. The Committee has met four times in the year since 1.4.23.

Members of the Committee monitor progress against objectives, financial systems and procedures, and budgetary control and carry out regular reviews of financial matters. It also drafts the annual Internal Audit Plan for approval by the Council. The Council reviews the Council's Standing Orders and Financial Regulations at least annually.

Draft minutes of committee meetings are circulated to the next full council meeting and any recommendations within the minutes are considered.

The Full Council meets monthly each year (except August). It considers the monthly budget report and considers relevant reports from the Finance & Corporate Governance Committee and the Town Clerk.

Financial Regulations set out the requirements for the conduct of the Council's financial management. The Council carries out regular reviews of its internal controls, systems and procedures. The Standing Orders and Financial Regulations were reviewed May 2023.

Town Clerk / Responsible Financial Officer

The Council has appointed a Town Clerk who acts as the Council's advisor and administrator. The Town Clerk is also the Council's Responsible Financial Officer. The Project and Finance Assistant assists with the administration of the Council's finances. The Town Clerk is responsible for advising on the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Town Clerk also provides advice to help the Council ensure that its procedures, control systems and policies are adhered to.

Payments

All expenditure must be authorised by the Council and within the budget set by it.

Payment of invoices

Accounts are paid primarily by internet payment with some cheque payments which are signed either at or after Council meetings. A report is presented to each Councillor at the meeting detailing every account to be paid against the Cheque/BACS No., with a brief description of the payment and amount to be paid. Any payments made under delegated authority between meetings are reported at the next available meeting.

New suppliers

If an internet payment is to a new supplier the Clerk will supply a copy of the invoice with the bank details highlighted to Councillors who are able to authorise BACS payments so that they can check the supplier bank account number prior to authorisation. Councillors will initial the invoice to show they have done this. The Project and Finance Assistant will telephone all new suppliers to confirm account details against those shown on the invoice.

Internet payments are uploaded to the Unity Trust Banking System and each transaction number noted on the invoice. Councillors do not authorise internet payments until after the payments have been approved at the monthly full council meeting. All invoices are numbered and scanned to councillors along with a screenshot taken of all payments awaiting authorisation on Unity Trusts payment authorisation page of the website and this is sent to all signatories for checking amount and bank account detail against invoices prior to authorisation **by two signatories**.

Cheque payments The Clerk prepares all the cheques for signature at the meeting these are then signed by two account signatories. The amounts on the cheques are checked against the amount shown on the finance meeting paper and invoice. Councillors, if in agreement, will then sign the cheque and initial the cheque stub and appropriate invoice.

A hard copy of all invoices is held in an accounts file in the office which can be viewed by councillors if needed. A copy of the screenshot of Unity Trust Bank's Awaiting Authorisation page for each month is also held in the accounts file.

Appendix A (attached) contains details of the monthly payment process.

All payments made are included in the minutes for the relevant month and approved by the Council in the usual procedure; payments will include a minute number if appropriate.

No member of staff of the Council can make payments (other than out of petty cash) or sign cheques.

Corporate Credit Card

Only the Clerk is allowed to use the corporate credit card, which must be kept in the safe when not in use. Limit on individual transactions is £150, cash limit of £75 and an overall monthly limit of £500. All transactions to be reported to the next Town Council meeting.

Direct Debits

Regular payments are made by Direct Debit. The amount debited is checked against the invoice received. They are reported at the next meeting. Regular direct debits are reviewed at the May meeting.

Reconciliation

The Mayor checks the monthly bank reconciliation and petty cash reconciliation and signs the bank statements to prove they agree with the reconciliation, this is then reported monthly to the Town Council.

BUDGET

In the autumn of each year Members are asked to consider the following Financial Year's budget, projects, schemes, running costs etc.

In January of each year Members agree the budget for the Council and this is duly minuted. A copy of the agreed budget is distributed to all Members and a copy is kept in the Minute File and taken to all Council meetings.

Expenditure is agreed in accordance with the budget remit and is duly recorded and minuted. The Clerk at each monthly meeting produces details showing all expenditure against the budget to ensure that the Council are 'on-track' with spending.

Contracts

The Council's Standing Orders and Financial Regulations set out the tender or quotation requirements for contracts of differing amounts.

Grants to Groups/Organisations

Requests for grants are considered in February of each year to be paid in the April of each year. In special circumstances the Council will consider the merits of granting a donation to a local group/organisation who request an award at other periods in the year.

Recording of Accounts – Office Procedure

The Clerk has a file showing every payment made each calendar month. On the file a copy of the bill is kept, plus a copy of the order, delivery note and any receipt for the payment that is received back along with any other quotes received. Receipts are written for all income received from external sources and the receipt number is recorded on the Rialtas accounts system.

All payments and receipts are entered on to a computerised Rialtas system every month.

Bank Procedures

Bank statements for Nationwide, Unity and CCLA accounts are received monthly, All Barclays accounts are in the process of being closed. These include the Developers Reserve Account, the Bulmer Cottage Account, Active Saver, and Cash Account (renamed Hospitality Account) which are received quarterly and the Hospitality and Active Saver Account which are received annually. The Clerk completes a bank reconciliation for these accounts every month. As part of the Council's internal audit procedures a nominated Councillor usually the Mayor, carries out a check of the bank reconciliation on the Current Account each month.

Receipts are paid into the bank as quickly as possible to maximise the Interest payable.

VAT

All VAT paid is entered onto the accounting system. A claim is made every quarter to the Customs and Excise Office for VAT paid in the previous three months and all payments made are directly credited to the Councils Current Account. The Claim shows a brief detail of the payment, VAT claimed and suppliers VAT Registration No. The accumulative total of VAT should balance with the VAT on the Payments Ledger; this provides a double check that the correct VAT is being claimed. The Town Council is now registered for Making Tax Digital.

Staff Salaries and Travel Expenses

The details of the agreed Salary are recorded in the appropriate minutes accordingly; a copy is also kept separately in the staffing files. The Clerk is responsible for updating Shropshire Council payroll with any changes to staff hours.

Staff make out a mileage sheet monthly detailing journeys made on behalf of the Council. Mileage is paid at 45p per mile. The Mayor signs the Clerk's mileage claim and the Clerk authorises staff mileage claims.

Pensions

Eligible Staff are enrolled in the Local Government Pension scheme.

Cash Handling

All cash is kept locked away until it can be banked and is dealt with in line with the Town Council's cash handling procedures. These procedures were reviewed in October 2023.

Petty Cash

All petty cash receipts and payments are recorded in a file prior to being inputted on the Rialtas system.

Credit Card

All items paid for on the corporate credit card are recorded as hard copies.

Assets

The Clerk keeps details of all property owned by the Council in an Asset's Register and a review schedule is held by the Council.

Insurance

Insurance is renewed and additional Insurance cover is taken to cover individual projects such as events and Schemes as necessary.

Risk Assessments / Risk Management

The Town Clerk will report on risk assessment to the Finance & Corporate Governance Committee in accordance with the timetable set out in the Audit Plan.

Business Continuity and Disaster relief

Policy adopted November 2015 last reviewed Oct 2023.

Reserves Management

Separate policy adopted February 2017, last reviewed Oct 2023.

Investments

Investment strategy reviewed and updated annually last reviewed Oct 2023.

End of Financial Year Accounts

As soon as the Bank statements are received, up to and including 31 March transactions, the Clerk finalises the end of year Financial Accounts. A Detailed Financial report is placed before Members for their approval and a copy of the Annual Return, which is sent to the external auditors, is also given to each Council Member.

The completed accounts are presented, at the earliest opportunity after 31st March, for approval by the Council, both the Chairman of the Council and the Responsible Financial Officer (The Clerk) signs the Balance sheet and the new Annual Return, this is duly recorded in the relevant minutes.

Internal Audit

The Council will appoint an Independent internal auditor who will report to the Council on the adequacy of its records, procedures, systems, internal control and risk management.

REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control, which should include a review of the effectiveness of internal audit. The review is conducted by the Finance & Corporate Governance Committee and must be approved by the Council. The Council will also approve the Statement on Internal Control as part of the Internal Audit Plan.

(Chairman of the Finance &
Corporate Governance Committee)

(Responsible Financial Officer / Town Clerk)

Approved and adopted by Wem Town Council

Appendix A**Monthly Payment Process****Each Month, up to 11.30 am on the day of the Full Council Meeting**

1.	Receive invoice / payment request	
2.	Check invoice against supporting paperwork	eg orders, quotes, correspondence etc
3.	Check payment date	For direct debits process payments to be taken in-month or already taken and not recorded.
4.	Add unique reference no	Direct Debits - use DD and reference no BACS – use reference number only Cheques – use cheque number once written
5.	Add payment date	Unless an urgent payment is being made, this will be the date of the Full Council meeting where the payment is approved.
6.	Record invoice details	Word document under 'invoices to be paid' (example A)
7.	Scan the invoice and paperwork	Save under 'invoices to be paid' for the appropriate year and month. Filename = the payment reference.
8.	Record the payment on Rialtas	NB Can only do this once the previous month has been closed. Use the unique reference number generated in (4) Tick the bottom right of the invoice to show it has been recorded.
9.	If not DD, set up BACS payments on UTB or write a cheque.	For BACS, add the UTB transaction reference to the bottom of the invoice.
10.	File the hard copy and relevant paperwork in the invoices folder.	File by month approved (This might not be required – assess after a 12-month period).

After 11.30 on the day of Full Council

1.	Merge all invoices into one PDF for DDs and one for other payments.	Use PDF Sam
2.	Print the details of payments to be approved	(Example A)
3.	Print the full list of transactions to be processed	Use print screen (Example B)
4.	Add the transaction references to the list	
5.	Carry out a cross check	
6.	PDF the annotated transaction list	Save under 'invoices to be paid'

A. Example list of payments to be approved

WTC accounts for Payment

Payments made prior to meeting

Supplier	Service	Net	Vat	Gross	Chq / BACS No
Shropshire Council	Salaries December (includes backdated payrise)			8906.69 3038.94 3783.01	BACSPAYROLL BACSLGPS BACSHMRC
EE	Mobile Phones	43.03	8.61	51.64	DD
Lloyds Bank	Corporate Card charges	3.00	0.00	3.00	DD
Unity Trust Bank	BACS Charges	33.60	0.00	33.60	DD

Payments for authorisation

Supplier	Service	Net	Vat	Gross	Chq / BACS No
Highline Electrical	Streetlight Repairs	178.00	35.60	213.60	174.22
ISM IT Ltd	IT Support	92.97	18.59	111.56	175.22
PG Skips	Bin Emptying	96.84	19.36	116.20	176.22
Waterplus	Water – Leek St Toilets	41.02	0.00	41.02	177.22
Shropshire Council	Joint Energy Costs	1593.56	318.71	1912.27	178.22
Fenland Leisure Products	Playground Parts	79.13	15.83	94.96	179.22
Healthmatic	Public Toilets Cleaning	829.17	165.83	995.00	180.22

B Example List of Transactions to be approved

Awaiting authorisation
Transactions which remain unauthorised for more than 1 month will automatically be cancelled.

STEP 1 STEP 2 STEP 3

Approve or reject

Email Reminder

Bill Payment New Beneficiary

Payment date Amount
ASAP **-282.00 GBP**

From:
Unity Current Account T2
 60-83-01 • 20370820

To:
JEF Scaffolding 178.23

Reference:
 23/162

Approved
 You have approved this item and it is awaiting further authorisation

Show authorisation history

Bill Payment Existing Beneficiary

Payment date Amount
ASAP **-40.00 GBP**

From:
Unity Current Account T2
 60-83-01 • 20370820

To:
Mr Geoffrey M Soul 179.23

Reference:
 Townsman Expenses